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India

Tree Nuts Annual

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Report Highlights:

Assuming normal market conditions, India is expected to import a record 80,000 tons of almonds (in-shell basis) in marketing year 2012/13 (August/July). Indian walnut production is forecast at 35,000 tons (kernel weight basis), down 12.5 percent over the previous year. Increasing international demand for Indian walnuts will likely push exports to 14,000 tons, up 10 percent from last year.

Commodities:

Almonds, Shelled Basis

Production:

Assuming normal weather in the major growing regions of Kashmir and Himachal Pradesh, India's almond production for Marketing Year (MY) 2012/13 (August/July) is forecast at 1,200 tons (kernel weight basis) due to a peak in the production cycle. Indian almond yields are typically low, ranging around 1,000 to 1,500 nuts per tree per year. Shelling rates also vary from 20 to 30 percent for hard shell varieties to about 40 percent for thin-shelled varieties.

Consumption:

Assuming normal market conditions, Indian almond consumption in MY 2012/13 is forecast to increase to 75,000 tons, 15 percent higher than the previous year. While almond prices were strong throughout MY 2011/12, consumption nevertheless grew as competing nuts remained relatively more expensive. Indian demand for nuts typically peaks during festive season, from September through January.

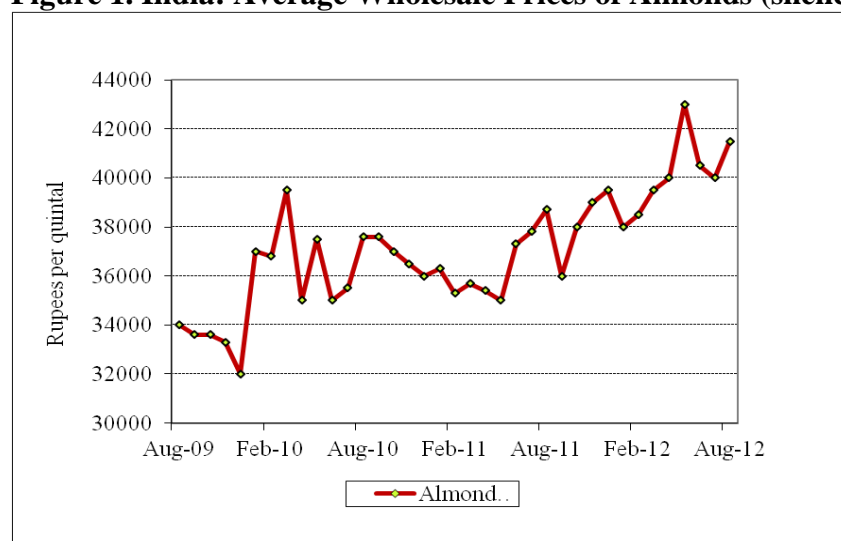
Traditionally, almonds have been an integral part of Indian culture. Indian consumers buy almonds from different origins, indicating a willingness to explore new varieties beyond the traditional non-pareil. Growing awareness of the nutritional and health benefits of almonds has contributed to increased sales in snack foods, health products, and confectionary. In addition, there is also a growing demand for lower quality almond kernels used for oil extraction by the cosmetic and health care products industry.

Indian consumers typically consider almonds to be a 'high energy food, particularly ideally suited for children, physically active people and recovering patients. Consumers have indicated a preference for Californian non-pareil almond variety due to price (Table 4), size, uniform 'eye' shape and sweetness. Australian non-pareil and carmel varieties also account for a growing segment of the market. Iranian varieties like Mamra/Qumi are preferred in regions of western and northwest India (e.g. Rajasthan and Gujarat), often commanding a higher price premium.

Prices

In MY 2011/12, the Indian rupee depreciated by more than 25 percent against the U.S. dollar. The depreciation had an effect on almond imports as domestic market prices remained firm during the first three quarters of 2011/12. Since August 2012, domestic almond prices have trended upward, reflecting upcoming festive demand.

Figure 1. India: Average Wholesale Prices of Almonds (shelled) in Delhi Wholesale Market



Source: Industry and trade sources

Trade:

In MY 2011/12, Indian almond imports reached a record 74,600 tons (in-shell basis), up 38 percent over the previous year. Strong domestic demand has driven the import California almonds. Assuming normal market conditions, Indian almond imports are forecast to reach 80,000 tons in MY 2012/13, up 7.2 percent from the previous year. Indian importers and traders have been building stocks since the beginning of the marketing year, and while export sales to date have been slower than expected, this will likely change as the festive season gets under way.

U.S. almonds account for about 72 percent of India's total import requirement. Australia, China, Afghanistan, Iran and Syria are also leading suppliers (Table 5). Non-traditional suppliers based from Italy, Malaysia, Thailand, South Korea, South Africa, Japan, and Taiwan can account for up to 10 percent of the market. Almond imports from the U.S. and Australia are mostly in-shell non-pareil or carmel varieties that are shelled locally; almonds from other origins are typically already shelled. In India, most almonds are sold by weight in loose form, and only about 5 percent of retail sales are in package form.

Trade Policy & Marketing Opportunities

While there are no quantitative restrictions on imports, U.S almonds face a Rs 35/kg tariff for inshell almonds and a Rs. 66.95/kg for shelled almonds (Table 9). India's Plant Quarantine Order 2003, amended in 2006, requires an official phytosanitary certificate and phosphine fumigation at origin.

As India has overtaken Germany, becoming the third largest export market for U.S. almonds (behind China and Spain), it is clear that there are still significant opportunities for further market development, particularly in southern and eastern India where more and more consumers are becoming aware of the health benefits of almond consumption.

Production, Supply and Demand Data Statistics:

Table 1: Commodity, Almond, PSD Table

Almonds, Shelled Basis India	2010/2011			2011/2012			2012/2013			
	Market Year Begin: Aug 2010			Market Year Begin: Aug 2011			Market Year Begin: Aug 2012			
	USDA Offici al	Old Post	New Post	USDA Offici al	Old Post	New Post	USDA Offici al	Ol d Pos t	New Post	
Area Planted	0	19,00 0	19,00 0	0	19,00 0	19,00 0			19,000	(HA)
Area Harvested	0	17,00 0	17,00 0	0	17,00 0	17,00 0			17,000	(HA)
Bearing Trees	0	1,160	1,160	0	1,160	1,160			1,160	(1000 TREES)
Non-Bearing Trees	0	200	200	0	200	200			200	(1000 TREES)
Total Trees	0	1,360	1,360	0	1,360	1,360			1,360	(1000 TREES)
Beginning Stocks	0	11,93 3	11,93 3	0	15,13 3	13,13 3			23,833	(MT)
Production	1,200	1,200	1,200	1,100	1,100	1,100			1,200	(MT)
Imports	52,200	60,00 0	54,00 0	60,000	65,00 0	74,60 0			80,000	(MT)
Total Supply	53,400	73,13 3	67,13 3	61,100	81,23 3	88,83 3			105,03 3	(MT)
Exports	0	0	0	0	0	0			0	(MT)
Domestic Consumption	53,400	58,00 0	54,00 0	61,100	65,00 0	65,00 0			75,000	(MT)
Ending Stocks	0	15,13 3	13,13 3	0	16,23 3	23,83 3			30,033	(MT)
Total Distribution	53,400	73,13 3	67,13 3	61,100	81,23 3	88,83 3			105,03 3	(MT)

Commodities:

Walnuts, Inshell Basis

Production:

Indian walnut production is expected to reach 35,000 tons (in shell basis) in MY 2012/13, down 12.5 percent from previous year. An extended winter in Kashmir during peak flowering period (April through May) had an adverse effect on production. Recent heavy rain in the Kashmir valley is unlikely to affect the crop size but may have some impact on quality. The typical harvesting season extends from August through September, but this year will carry into the first week of October, with market arrivals peaking later in the month.

In India, walnuts are generally grown in the rocky terrains of Jammu and Kashmir, and to a lesser extent in Himachal Pradesh, Uttarakhand and the Northeastern India. Trees grow under rainfed conditions and generally suffer from poor orchard management. Poor quality of planting material and the resulting uneven yields mean that a typical tree will produce somewhere between 18 to 50 kg /tree /year with nut sizes varying from 24 to 32 mm. With better economic prospects in growing apples or other fresh fruit, walnut cultivation has generally stagnated. Indian walnuts are classified as hard, medium or thin shell (kaghazi) and the average shelling rate is approximately 40 percent. The typical harvest season runs from the end of August through September.

Consumption:

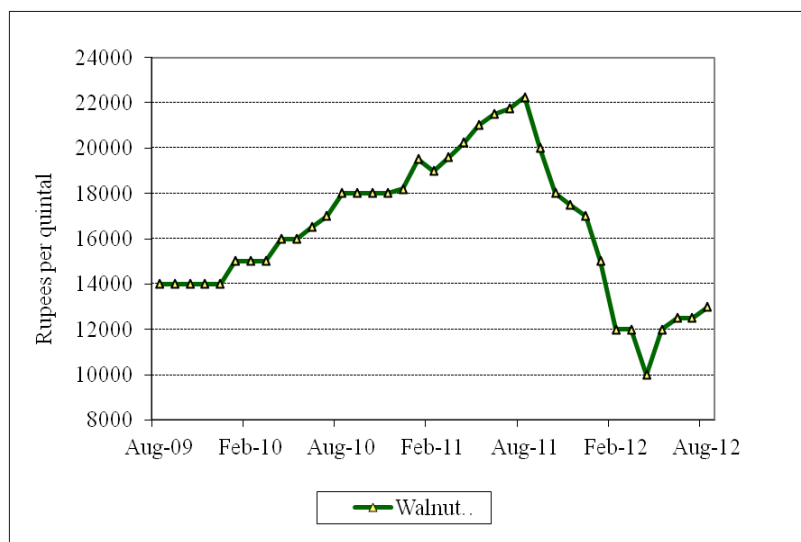
Walnut consumption in MY 2011/12 is estimated to have reached 22,000 tons, with about 32 percent of domestic production dedicated to the export market. Assuming normal market conditions, walnut consumption is expected to grow to 25,000 tons in MY 2012/13. About 40 to 50 percent of Indian walnut production is consumed domestically, of which nearly half is consumed during the festive season (September-January). An estimated 10 percent of domestic consumption goes to the bakery, confectionary and ice-cream industries. Roughly 3 to 4 percent of walnuts (typically lower quality nuts) are used for oil extraction by soap and cosmetic manufacturers.

Typically, walnuts are consumed domestically in raw form for snacking purposes. A growing awareness of the health benefits of walnuts, along with a wider use of attractive consumer packaging (vacuum packs), has prompted Indian consumers to buy walnuts year round. The use of vacuum packs has improved the shelf-life and quality of walnuts, and has also encouraged consumer taste for ready-to-eat snacks. Major processing facilities for shelling and packing walnuts are located in State of Jammu and Kashmir.

Prices

Domestic walnut prices dropped more than 50 percent in MY 2011/12 as poor export demand led to an accumulation of domestic supply (Figure 2).

Figure 2. India: Average Wholesale Prices of Walnuts (In shell) in Delhi Wholesale Market



Source: Industry and trade sources

Trade:

Indian walnut exports are forecast to reach 14,000 tons in MY 2012/13 as export demand begins to recover. Traditional buyers (Europe, Egypt, China, United States, Kuwait, Australia, and United Arab Emirates) purchased 12,720 tons of Indian walnuts in My 2011/12 (Table 8). More than 95 percent of Indian walnuts are exported as kernels (35-40 percent light halves; 35-40 percent amber halves/light broken; and the balance as amber halves) in vacuum packs. Market sources report that the U.S., Mexico, Ukraine and Chile compete with Indian walnut exporters selling to the EU.

Trade Policy

Walnuts are imported into India without quantitative restrictions under the Open General License (OGL). Imports are subject to an effective import duty of 30.9 percent (see tariff in table 9) except for imports originating from the South Asian Association for Regional Cooperation (SAARC) countries and Afghanistan. Given the strength of Indian domestic production and the relatively high level of tariffs, walnut export opportunities to the Indian market are limited.

Production, Supply and Demand Data Statistics:

Table 2: Commodity, Walnut, PSD Table

Walnuts, Inshell Basis India	2010/2011			2011/2012			2012/2013			
	Market Year Begin: Aug 2010			Market Year Begin: Aug 2011			Market Year Begin: Aug 2012			
	USD A Offici al	Old Post	New Post	USD A Offici al	Old Post	New Post	USD A Offici al	Ol d Po st	New Post	
Area Planted	0	36,6 00	36,6 00	0	36,6 00	36,6 00			36,6 00	(HA)

Area Harvested	0	30,8 00	30,8 00	0	31,0 00	31,0 00			31,0 00	(HA)
Bearing Trees	0	1,40 0	1,40 0	0	1,40 0	1,40 0			1,40 0	(1000 TREES)
Non-Bearing Trees	0	200	200	0	200	200			200	(1000 TREES)
Total Trees	0	1,60 0	1,60 0	0	1,60 0	1,60 0			1,60 0	(1000 TREES)
Beginning Stocks	1,850	1,22 5	1,22 5	350	2,14 5	625			5,90 5	(MT)
Production	30,00 0	30,0 00	30,0 00	45,00 0	45,0 00	40,0 00			35,0 00	(MT)
Imports	0	100	100	0	0	0			0	(MT)
Total Supply	31,85 0	31,3 25	31,3 25	45,35 0	47,1 45	40,6 25			40,9 05	(MT)
Exports	12,00 0	13,1 80	12,7 00	20,00 0	28,0 00	12,7 20			14,0 00	(MT)
Domestic Consumption	19,50 0	16,0 00	18,0 00	25,00 0	18,0 00	22,0 00			25,0 00	(MT)
Ending Stocks	350	2,14 5	625	350	1,14 5	5,90 5			1,90 5	(MT)
Total Distribution	31,85 0	31,3 25	31,3 25	45,35 0	47,1 45	40,6 25			40,9 05	(MT)

Author Defined:

Table 3: Commodity, Almond, Prices Table

Prices Table			
Country	India		
Commodity	Almonds, Shelled Basis		
Prices in	Rupees	per uom	100 Kg
Year	2011	2012	% Change
Jan	36300	38000	5
Feb	35300	38500	9

Mar	35700	39500	11
Apr	35400	40000	13
May	35000	43000	23
Jun	37300	40500	9
Jul	37800	40000	6
Aug	38700	41500	7
Sep	36000		-100
Oct	38000		-100
Nov	39000		-100
Dec	39500		-100
Exchange Rate	Rs 55.42	Local Currency/US \$	
Date of Quote	9/7/2012	MM/DD/YYYY	

Source: Trade and Industry sources (average week-end prices in the Delhi Wholesale Market)

Table 4: Wholesale Almond Kernel Prices (Rs/Kg), Delhi Market

Type (Origin)	MY 2011/12	MY 2010/11	MY 2009/10
California almonds	370-430	350-390	310-370
Mamra Almonds (Iran)	800-1200	650-1050	800-1100
Qumi Almonds (Iran)	450-600	350-450	500-550
Gulbandi Almonds (Afghan)	300-400	250-300	350

Source: Trade sources

Table 5: Commodity, Almond, Import Trade Matrix

Import Trade Matrix			
Country	India		
Commodity	Almonds, Shelled Basis		
Time Period	Aug/July	Units:	Metric Tons
Imports for:	2010		2011
U.S.A	48,196	U.S.A	54,078
‘Others’		‘Others’	
Australia	3,912	Australia	6,481
Afghanistan	370	China	2,970
Syria	280	Afghanistan	1,287
Iran	324	Iran	753

China	603	Syria	782
Total for 'Others'	5,489		12,273
Others not Listed	303		8,283
Grand Total	53,988		74,634

Source: Estimates derived from official GOI sources (2010/11), trade sources (2011/12) and California Almond Board Statistics (2010/11 and 2011/12). Please note that the data available from trade sources were for 11 months.

Table 6: Commodity, Walnut, Price Table

Prices Table			
Country	India		
Commodity	Walnuts, Inshell Basis		
Prices in	Rupees	per uom	100 Kg
Year	2011	2012	% Change
Jan	19000	15000	21
Feb	19600	12000	39
Mar	20250	12000	41
Apr	21000	10000	52
May	21500	12000	44
Jun	21750	12500	43
Jul	22250	12500	44
Aug	23500	13000	45
Sep	20000		-100
Oct	18000		-100

Nov	17500		-100
Dec	17000		-100
Exchange Rate	Rs 55.42	Local Currency/US \$	
Date of Quote	9/7/2012	MM/DD/YYYY	

Source: Trade and Industry sources (average week-end prices in the Delhi Wholesale Market)

Table 7: Walnut Prices

PRICE	UNITS	2011/12	2010/11	2009/10
<i>Wholesale Price of FAQ Walnut in Kashmir</i>	(Rs/Kg)	100-150	80-150	75-150
<i>Export Price (C&F Europe)</i>				
1. Light Halves	US\$/MT	4000-9000	7500-11000	6000-8700
2. Light Broken/Amber Halves	US\$/MT	6800-8000	6800-10000	4300-6500
3. Amber Broken	US\$/MT	4500-7000	6000-9300	2800-5000

Source: Market Sources

Table 8: Commodity, Walnut, Export Trade Matrix

Export Trade Matrix			
Country	India		
Commodity	Walnuts, In Shell Basis		
Time Period	April-March	Units:	Metric Tons
Exports for:	2010		2011
U.S.A	165	U.S.A	233
‘Others’		‘Others’	
France	1,570	Spain	1,785
Germany	1,528	Germany	1,658
Egypt	1,391	Netherland	1,438
Netherland	1,325	Egypt	1,405
Spain	1,290	United Kingdom	1,355
United Kingdom	1,031	France	1,078
China	423	Denmark	473
Denmark	383	UAE	375
Greece	350	Kuwait	342
Australia	350	Austrlia	335
Kuwait	270	Sweden	295
Nepal	250	Greece	283

Total for 'Others'	10,161		10,822
Others not Listed	2,372		1,665

Note: MY 2010 refers to Indian Fiscal Year (IFY) 2010/11 (April-March) as most exports happen during October through March.

Source: MY 2010 - Export figures from DGCIS, Ministry of Commerce.

MY 2011 - Provisional Trade Estimates

Table 9: Almond and Walnut Tariffs

Commodity Code	Description	Import Policy	Basic Duty/2	Education Cess	Total Applicable Duty /5
HC 0802.11	Almonds Inshell	OGL /1	Rs 35/kg	Exempted /3	Rs 35/kg
HC 0802.12	Almond Kernel	OGL /1	Rs 65/kg	2+1%	Rs. 66.95/kg
HC 0802.31	Walnut Inshell	OGL /1	30/20% /4	2+1%	30.9/20.6% /4
HC 0802.32	Walnut Shelled	OGL /1	30/20% /4	2+1%	30.9/20.6% /4

Notes on Tariff:

/1: OGL (Open General License) – no quantitative restrictions.

/2: Under the Indo Afghan Preferential Trade Agreement, a tariff concession of 50 percent is applied on the basic import duty for these goods if imported from Afghanistan.

/3: Almonds in-shell are exempted from the education cess.

/4: Preferential duty for SAARC countries (Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan).

/5: Method for computing Total applicable duty:

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate * A

C: Education Cess (EC) = EC Rate * B

Total Applicable Duty = B+C

